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1919: "There is every evidence that from the point of view of economic and financial recovery, it is America who holds the key to the situation."

But at the same time, the Minister of Commerce recalled the disappointment he had experienced in his attempt to treat with the holder of the precious key. Between the Armistice and the Peace Conference, he had exerted himself to secure agreements with England and the United States to maintain the interallied organizations dealing with raw materials. He was fortunate enough to conclude an important agreement with Lord Reading by the terms of which, he said, France "obtained the assurance of a supply of raw materials in sufficient quantity and at a price equal to that paid by England." But this agreement was to be enforced only in case the American Government undertook a similar engagement. The latter agreement was not realized and therefore the Franco-British treaty lapsed.

President Wilson, in neglecting to build his idealistic structures on sound economic foundations, erected a precarious work which was incapable of practical realization. France, thanks to her extensive resources, both national and colonial, exploited by an industrious

population, is able to avoid economic domination since the era of monopolies in raw materials is past; she is able to find cereals, meat, cotton and oil without being subject to the terms of a monopolist; too proud to be dependent, she will be able by a liberal commercial policy to submit herself to the laws of interdependence which national economy demands.

In order to bring to a satisfactory conclusion this work of coöperation, France will be happy to go forward in complete accord with the United States to achieve a truly beneficent peace, just as she has gloriously concluded the war. This is more than a hope for France; it is a certainty for her, since she has placed her trust in the solemn promise made by the American Government in September 1916: "It is manifestly our duty to seek the service of humanity by reserving our strength and our resources for the difficult and anxious days of reconstruction and recovery when peace comes."

The days of a peace which is uncertain both at home and abroad are inconceivably anxious and difficult. It is the part of the United States to shorten these days by contributing to the economic restoration of the world.

Public Finance in Ancient India

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BUDGET making is an essentially modern institution. It is only since the time of Napoleon that regular estimates of receipts and expenditures have been yearly prepared in France.¹

¹ Palgrave's *Dictionary of Political Economy* (Art. on "Finances-France") Volume II, p. 68; Leroy-Beaulieu's *Traité de la science des finances*, Volume II, pp. 11-12 (8th Edition).

In spite of the comparative abundance of reliable data no ingenuity of modern research has been able to reconstruct the sheet of liabilities and assets of the Roman Empire for any period, but the administrative history of Hindu India is yet in its non-age. It is out of the question, therefore, to attempt such wide guesses about the

annual expenses even of the Maurya Empire (*B. C.* 322–185), for which information is more plentiful than for others, as has been done in regard to the Athenian state by Bökh²; or about the total revenues as has been done in regard to the Roman Empire by Gibbon and Guizot³; nor is it possible to test the fiscal policy of Hindu states by the modern canons of taxation, especially on the complicated questions of justice, ability to pay, or equality of assessment.

A LAY BALANCE-SHEET (*c* 640 *A. D.*)

A contemporary account of the finances of the Vardhana Empire (606–647) is furnished by Hiuen Tshang, the Chinese state guest of Harsha. It is said that forced labor was not exacted by the government. When the public works required it, labor was exacted but paid for in strict proportion to the work. Those who cultivated the royal estates paid a sixth part of the produce as the share of the state. The river passages and the road barriers were open on payment of a small toll. In regard to public expenditure there are said to have been four charges on the private demesnes of the crown. The first charge was the management of the affairs of state and the provision for sacrificial offerings. The second was for providing subsidies for the ministers and chief officers of state. Honorariums for men of distinguished ability constituted the third charge, and the fourth was religious charity. Altogether, in the Chinese scholar-pilgrim's opinion, the taxes on the people were light, and personal service required of them was moderate.⁴

Evidently we have here the material for a very elementary balance-sheet,

² Schömann's *Antiquities of Greece*, p. 445.

³ Ramsay and Lancian's *Roman Antiquities*, (16th Edition), p. 282.

⁴ Beal's *Si Yu-ki*, Volume I, pp. 87–88.

much too naïve for an imperial organization⁵ based as it was on the triumphs of *dig-vijaya* (conquest of the four quarters of the world) and military aggression⁶ no less than on the "victories of peace." The reporter was a layman and naturally failed to notice the "sinews of war" that operated the administrative machinery of *pax sârva-bhaumica* (peace of the world-empire).⁷ It is on such facile statements about "light taxes" and "religious charities," however, that students of comparative politics in the nineteenth century used to found their estimate of the Hindu political systems. Today the states of old Asia are treated by scholars more or less in the same light as the feudal kingdoms of medieval Europe; that is, as organizations modeled on a private household, the domestic establishment of the ruler.⁸

SOUTH INDIAN REVENUES (*c* 900–1300 *A. D.*)

Let us examine the imperialism of the Hindu *sârva-bhaumas* (world-rulers) on the basis of their own charters, decrees and promulgations (*shâsanas*) that have been rendered accessible by the archeological and epigraphic investigations of recent years. The statesmen of the Chola Empire (900–1300) would appear to have been at their wits end in devising new forms of revenue. No complete list of all the heads of government income is available for this South Indian (Madras and Mysore) state, but several

⁵ See the extent of the Vardhana Empire on the map facing p. 340 of Smith's *Early History of India* (Edition 1914).

⁶ Bana's *Harsha-charita* (Cowell's translation), p. 188.

⁷ Vide the author's article on "The Hindu Theory of International Relations" in the *American Political Science Review* for August, 1919.

⁸ Article on "Finance" in the *Encyclopædia Britannica* (11th Edition).

Tamil inscriptions⁹ describe the immunities from dues to the state enjoyed by certain villages through the grant of royal charters. From the schedule of these "privileges" we can automatically see a great part of the other side of the shield; namely, the normal contributions to the imperial treasury for which each village was ordinarily liable.

The available list indicates only the revenue from villages or village unions; but it is questionable whether we are justified in treating it exclusively as that which should technically be a branch of "local finance." The village through its *panchayat* (council of five; that is, a body of competent men) was indeed responsible as a unit for the realization of all public income within its area¹⁰; but the heads of income do not seem to have been classified and specifically ear-marked as local and national. They can easily be brought down to the tripartite division into taxes, fees and prices.¹¹

In the first place, there was a "tax in money."¹² It may have been a direct tax per capita like the poll tax of 1377-1380 in England during the Hundred Years' War, or the *tributum* in Rome.

Something like a "general property tax" is to be understood in several imposts. Like the horses and cattle taxed by medieval German states¹³ "animals" were counted to contribute to the Chola exchequer. The furniture, clothing and ornaments are not enumerated in the schedule of taxes on "personalty," but "movable" prop-

erty, as contrasted with the real estate, was assessed in the form of "fixed capital" like looms and oil mills. Tanks, also, were included in the list of property dues.

A tax was realized on weights, whatever it might imply. Some light may be thrown on this item from the legislation of the Mauryas. In the *Artha shastra* of Kautilya (c 300 B. C.) we read that no trader was allowed to have his own weights and measures. Every day the business men had to have their scales and weights stamped afresh by the government.¹⁴ The authorities realized a revenue from the stamps. Now if this custom of the first Hindu empire were followed by the Tamil *sârva-bhaumas*, we may consider this business tax on weights to be another property tax.

It is doubtful if the business or license tax paid by the Tamil goldsmith should not be scheduled as a charge on property, but "unripe fruit" in the *Kartigai* month, though a levy in kind, must be regarded as such. Stocks, bonds and mortgages that are so prominent in modern economic life and necessarily occupy an important place in the taxation of property, are naturally not to be looked for in the Hindu finances of the tenth, eleventh, twelfth and thirteenth centuries. However, it is interesting to note that the "sonship" was assessed among certain social classes; for example, the "right hand" and "left hand" orders. The public income for the sonship dues was identical with that accruing from inheritance tax, or estate or "death duty"; that is, the charge made by modern governments on the transfer of property from the dead to the living.

None of these property dues were

⁹ *South Indian Inscriptions*, Volume II, Pt. i, No. 22.

¹⁰ Aiyangar's *Ancient India*, pp. 161, 163-164.

¹¹ Plehn's *Introduction to Public Finance*, pp. 76-79, 92-100; Seligman's *Essays in Taxation*, pp. 430-431.

¹² The list can be seen conveniently in Aiyangar, pp. 165-166, 180, 181-182.

¹³ Seligman's *Essays*, p. 39. cf. Agnides' *Mohammedan Theories of Finance*, p. 526, 527.

¹⁴ Shamasastri's article on "Chanakya's Land and Revenue Policy" in the *Indian Antiquary* 1905, pp. 50-51.

prices charged by the government for economic or other services rendered to the people. They were all deduced from the power of the state to obtain revenue by "compulsory dues and charges upon its subjects"; that is, taxes in the strictest sense of the term. None of them, moreover, can be regarded as income from "state property" and "state monopolies,"—the two sources that contribute about 25 per cent of French revenues.¹⁵

Taxes on consumption were not neglected by the Chola Empire. There was a tax on bazaars. The levy of tolls was common. The tax on trade or sales, like the Athenian and Roman excise of 1 per cent,¹⁶ was another regular feature of the financial system. As taxes on the necessities of life, these excise duties could not but touch the community at every grade. They served, therefore, economically speaking, as real poll taxes though of an "indirect" denomination. We do not know if salt was a state monopoly as under the Roman republic,¹⁷ or as in Maurya India, but the French *gabelle*¹⁸ was not to be forgotten by the Tamils who were too mindful of their revenues to overlook tapping this necessity of life that is bound to obey the law of "inelastic demand."

A rent or license tax was realized from the fishers. Taxes on the collection of rents also are mentioned. Tax—"farming" may thus have been a fact in certain directions. Furthermore, the "penal power" of the state was effectively made use of to coöperate with its finance department. It is known only that apothecaries were fined for "rotten drugs." An income of minor character is obvious in

Kulottunga's legislation (1070–1118) by which the state charged a seigniorage upon coining.¹⁹

Income from the services of the state is mentioned in three connections. First, the villagers had to contribute their mite to maintain the watchman who was placed over the *vettis* (paths). This was for obvious reasons a regular rate or cess, though local, for one of the minimum functions of government. Secondly, the state seems to have supplied the *karman* to measure the paddy of the cultivators. He had to be paid for by the rural commune at a certain rate. Lastly, a water rate or "tax on water courses" for irrigation was an inevitable charge upon every peasant.

Mines, though they must certainly have been important sources of Chola revenues, are not mentioned in the inscriptions, nor is there any reference to the customs duties. Neither of these could form part of the regular dues of a village to the government.

We have now to add the revenue from property *par excellence*, the "real estate" as it is called. Not only in primitive communities, but in Rome also, even under the Empire, land revenue was the mainstay of the government. This land revenue was essentially a rent from "crownland," *ager publicus*; that is, public domain. It took the Romans a long time to get used to the idea of a non-land revenue. Taxes like the *tributum* were considered by the republic as "forced loans" to be repaid out of the loot of conquest, and these were resorted to only when the proceeds of the "domain" proved inadequate to meet the extraordinary expenses.²⁰

¹⁹ Aiyangar, *pp.* 149–150.

²⁰ Seligman's *Essays*, p. 35. The same Roman views are expressed in the sixteenth century by the French political philosopher, Jean Bodin, in his *Les six livres de la république* (Book VI, ch. ii, *Des Finances*).

¹⁵ Palgrave's *Dictionary*, Volume II, p. 69.

¹⁶ Schömann, p. 449.

¹⁷ Ramsay, p. 277.

¹⁸ Brissaud's *History of French Public Law*, p. 505.

Under the Tamils, South India's financial backbone must have been furnished by the realizations from land. The rate was not low. The early Roman Empire used to levy land revenue at the rate of one-tenth of the produce,²¹ but in Chola India the government demand was one-sixth. This high rate was the normal *bhāga* or share of the government in land produce according to the stereotyped "pious wish" of the *dharmashastras* (law books) and *nīti-shastras* (political science).²² And yet in *Realpolitik* this conventional norm was but a fiscal camouflage that may deceive the academic student of financial history but did not fail to press the taxpayers themselves. For in Chola legislation the additional imposts on land, besides the tolls and *octrois*, were clearly defined as being one-tenth of the yield. The total revenue from land was thus four-fifteenths or more than 25 per cent of the gross outturn in Rajadhiraja's time (1035–1053).²³

An interesting theoretical study in connection with the Chola revenue from real property would be that bearing on its precise character as to whether it was rent or tax. Communism in land ownership is practically unknown in the Hindu law books.²⁴ The trend of ancient legal thought on the subject of land tenure is to regard it as an individual concern, but in Tamil inscriptions, while the individualistic tenure (the *ryotwari*, to use the British Indian term) is easily

to be inferred, communal property in certain lands is also assured to village *panchayats* by the legislation of Rajaraja the Great (985–1018).²⁵ We may take it that so far as the Chola Empire is concerned, land was owned both in severalty as well as in common.

This does not, however, settle the question as to how far the crown was the legal proprietor of land; that is, how far the "village community" or the individual cultivator were but "tenants" of the state landlord (paying economic "rents" for the usufruct of a property) and how far their dues were "direct taxes" paid on their own "immovable" possessions. It is the tendency of modern Indologists to postulate all lands as state property and therefore the income from land as crown rent. It is hardly possible to maintain this position on the basis of actual proprietary documents, *shāsanas* (laws or charters) and epigraphic records. For all practical purposes the presumption should be that ancient India did not know of state landlordism; that is, land nationalization,²⁶ except in very limited areas. The land revenue of the Hindu states was, therefore, generally speaking, a tax, but, as Sir Robert Giffen²⁷ explains away the distinction between rent and tax, the fact of a government levying so general a charge may be held *ipso facto* to convert the charge into a tax having much the same economic effects and consequences as a tax. In strict theory, "where the government makes a charge, it levies a tax." The features of monopoly and compulsion on the taxpayer associated with all forms of land revenue "make the charges difficult to

²¹ Ramsay, p. 276.

²² Vide the author's article on "Hindu Political Philosophy" in the *Political Science Quarterly* for December, 1918 and on the "Hindu Theory of the State" in the same journal for March, 1921.

²³ Aiyangar, pp. 181–182.

²⁴ Jolly's *Recht und Sitte*, pp. 93–96; Hopkins' *India Old and New* (Land Tenure), pp. 221, 225, 229; Macdonell and Keith's *Vedic Index*, Vol. I, pp. 245–246.

²⁵ Aiyangar, pp. 161, 163–164.

²⁶ Vide the discussion on public lands in Rau's *Finanzwissenschaft* (1864), pp. 127–133. Cf. Bodin, pp. 628–634 (Edition 1578).

²⁷ Article on "Taxation" in the *Encyclopedia Britannica*.

distinguish logically from other taxes."

On the whole, the Chola revenues were bulky in dimensions and the people of southern India heavily taxed. Only one ruler is spoken of as having slightly reduced the amount of the people's dues. Kulottunga's name became a household word in Madras of the eleventh and twelfth centuries, for in 1086, the year of the Domesday Book, he abolished the tolls²⁸ after the completion of the cadastral survey,—the second such survey of the Chola Empire, but the general story of *les nerfs de la république*, the "nerves of the state," as Bodin puts it, under the Chola Empire was uniform. Like the governments of Europe in the days of Adam Smith,²⁹ the south Indian monarchs knew how to exact as much as they could, "only desirous of finding the easiest means of doing so." The one redeeming feature seems to be that the empire was conscious of the high price at which *pax sârva-bhaumica* was being enjoyed by the people. Raja-raja the Great accordingly instructed the finance officers to be elastic in the collection of revenues.³⁰

Taxation as such was unknown in France previous to 1300.³¹ As a function of the state and as an institution of "public law" it virtually ceased to exist with the destruction of the Roman Empire by the Teutons. In its place was substituted the "private claim" of customary dues, fines or tolls by landlords and barons.³² The transition from this "feudal" to "modern" finance was a lengthy process in England.³³ It was not before the rise of the nation-states in

the fifteenth and sixteenth centuries that the right of government to levy "taxes" on the people became established or rather reestablished in the western world. For purposes of comparative politics it is necessary to note that the Chola finances do not exhibit the features of the disintegrated feudal polity of medieval Europe. The revenues of the Chola Empire possessed the same variety in form as the Roman-Imperial and the modern French. They may be classified, if necessary, according to the Latin *patrimonia*, *tributa* and *vectigalia*, or the more popular *domaine*, *contributions directes*, and *contributions indirectes* of modern science. Of course the right of taxation was firmly planted in the political consciousness of Chola India.

THE CONSUMPTION-SCHEDULE OF HINDU STATES

It is not difficult to explain why the imperial structures of the Hindus should have been heavily assessed organizations. The reasons are to be sought in the great variety and quantity of the state's "consumption." They are essentially identical with what economists like Nitti and Leroy-Beaulieu³⁴ have traced in the growth of public expenditures in modern times. The functions of Hindu governments were manifold. Consciously or unconsciously, whether backed by a definite theory of *nîti* (statecraft) like the late German Empire or not, every state in India was a "culture-state." The invariable end of every Hindu polity was the protection and development of *dharma*. Like *Kultur* and Arnoldian "culture," *dharma* is a very comprehensive category. Exceedingly elastic in its significance, like the English term "law," the concept is the basis of distinction, the *fundamentum divisionis*, between

²⁸ Aiyangar, 149-150.

²⁹ *Encyclopedia Britannica* (Taxation).

³⁰ Aiyangar, p. 182.

³¹ Brissaud, pp. 487-491; Leroy Beaulieu, Vol. II, pp. 6-7.

³² *Encyclopedia Britannica* (Finance).

³³ *Ibid.* (article on "English Finance").

³⁴ Leroy-Beaulieu, Vol. II, pp. 171-181.

man and the brute. *Dharmena hīndh* (those who have not *dharma*) says the *Gītā*, *pashubhiḥ samāndh* (are like the beasts). In *dharma*, the analogue of the "virtue" of Plato's *Republic*, is to be found the *differentium* between the human world and that of *pashu* or "beasts and birds" as Hobbes would have it. An agency for the promotion of humanism, that is, for the advancement of all that lets "the ape and tiger die" and develops the people's material and moral interests,—of anything, in short, that is conducive to national well-being was necessarily a multi-functional corporate organism. The *dharma*-states of India had, therefore, before them an almost unlimited range of what in scientific parlance is known as "developmental" activity. Not of an Arcadian character could thus be the "appropriations" of the Hindu empires.

We need not enumerate the duties of government stated in the *nīti-shāstras*. Let us note only the functions of the historic state systems that may be gathered from the inscriptions and contemporary reports. The economic development of the country was undertaken by the Maurya, Gupta, Kashmirian, Tamil and Ceylonese governments. Their care for irrigation³⁵ in different parts of the empire is a solid testimony to their recognition of the secular interests of the state. The construction of magnificent roads was another function along the same line.³⁶

The beautifying of cities and measures for street-cleaning, sanitation, etc. were important items of state business in Chola territories.³⁷ The promotion of aesthetic as well as "productive" arts and crafts was a normal function of almost every Hindu state. The encouragement or "protection" of skilled workmen, the steady maintenance of shipbuilders and naval architects, and state employment of miners and other industrial artisans, were among the duties of the Maurya civil service. Shipbuilding³⁸ and manufacture of arms and ammunitions were in fact state monopolies. Wood cutting, carpentry and smithery works came, therefore, under the state control. All governments undertook to lay out parks and grounds for recreation and pastime. Pharmaceutical gardens were state necessities. Palaces and public halls were likewise some of the "useful magnificences" that no state could dispense with. The Pandya rulers (c 100-300 A.D.) were patrons of *parishads* or academies of literature.³⁹ The Guptas⁴⁰ (330-600) and the Palas⁴¹ (c 750-1150) considered universities among important charges on the imperial exchequer. Temples and *vi-hāras* or monasteries were built at state expense both by the Vardhana and Chalukya emperors of the seventh century.⁴² Not the conventional religion and morality of the time alone found an asylum in these institutions. The financial authorities must have regarded them as schools of higher learn-

³⁵ *Epigraphia Indica* 1905-1906, pp. 46-49; *Gupta Inscriptions* (*Corpus Inscriptionum Indicarum*), pp. 56-65; Kāhāna's *Raja-tarangīnī* (Stein's translation), Book V, verses 68-117; Venkayya's "Irrigation in Southern India in ancient times" in the *Archaeological Survey of India*, Annual Report, 1903-4; Deakin's *Irrigated India and Ceylon*, 239-242, 252; Aiyangar, 185-188.

³⁶ McCrindle's *Ancient India* (Megasthenes, XXXIV), p. 86, Arrian's *Indika* III; Aiyangar, 188-189; Law's *Hindu Polity*, Vol. I, pp. 68-75.

³⁷ Venkatarama Ayyar's *Town Planning in Ancient Deccan*, pp. 42, 44, 51.

³⁸ McCrindle's *Ancient India*, p. 86; Strabo, XV, 46; Mookerji's *Indian Shipping*, p. 102.

³⁹ Aiyangar, pp. 70, 337, 359, 360, 379-82.

⁴⁰ Takakusu's *Itsing: Record of the Buddhist Religion*, pp. 65, 154, 177.

⁴¹ *Indian Antiquary*, 1888, pp. 308-311.

⁴² Beal's *Si Yu-ki*, Vols. I and II (see Hiuen Tshang's account of any of the states visited by him).

ing as well. From the cultural standpoint these were at once the art galleries and museums of the people. As resorts for the relief of the sick, the distressed and the poor the ostensibly religious buildings discharged an important economic function like the Catholic institutions of medieval Europe. Add to all this the minimum functions of every state as state, namely, the protection of person and property, or national defense by army and navy, as well as internal policing by adequate executive and judicial staff. The extent of these minimum functions can be realized from the fact that in the Maurya Empire the appropriations on this head absorbed 25 per cent of the total revenues.⁴³

PRIVATE ENTERPRISE IN PUBLIC WORKS

It is not necessary to compare the functions of Hindu states item by item as regards quantity and variety with the long list of modern state activities that have been daily expanding under the impact of socialism. The socialistic trend of India's *dharma*-states is apparent enough. It must not be surmised, however, that every public work among Hindus was the undertaking of the state, for the patriotism of citizens was responsible in every age for the founding and maintenance of useful institutions. In Gupta India hospitals⁴⁴ were built and endowed by the public spirited towns folk of Pataliputra (near modern Bankipore in Bihar Province), the Rome of the Hindus. Rudra-damana (*c.A.D.* 150), a satrap of Gujarat, repaired the Sudarshana reservoir at his own expense, the ministers having refused to supply funds from the government treasury.⁴⁵ Ushavadata's (*c* 100 *A.D.*)

endowments in the Andhra Deccan may serve as a standing example of the manner in which the people coöperated with the state and supplemented its activity along developmental or cultural lines.

One of the hill caves in Govardhana (Nasik District in the Bombay Presidency) was excavated at Ushavadata's expense.⁴⁶ Among his numerous benefactions we read of the gift of 300,000 cows, the construction of flights of steps on a river and the giving away of sixteen villages for religious purposes. This philanthropist used to maintain 100,000 priests and scholars with board. He bore the marriage expenses of eight Brahmanas at Somnath. His quadrangles, public halls and halting places, as well as gardens, tanks and wells were spread over the country from Broach and Bassein, the ports on the Arabian Sea coast, to Dashapura in Malwa, far inland in Upper India. Ferry boats were placed by him over six rivers in northern Bombay. Both sides of these rivers were also furnished with rest houses and equipped with arrangements for the distribution of water to travelers. Moreover, he founded certain benefactions for the support of several academies of Vedic learning in various parts of the Maratha country.

Such private endowments for public purposes were undoubtedly numerous in every epoch of Hindu polity. But none the less the financial burden of public administration weighed heavy upon the "pillars of the state." The government could not afford to depend solely upon "local patriotism" and voluntary contributions. The expenses of national housekeeping had to be met regularly from the resources of the empire. The financiers, therefore, had to raise the necessary revenue by hook or by crook.

⁴³ *Indian Antiquary*, 1909, p. 263.

⁴⁴ Beal's *Travels of Fa Hien*, p. 107.

⁴⁵ *Epigraphia Indica*, 1905-1906, *loc. cit.*

⁴⁶ *Nasik Inscriptions*, No. 17; R. G. Bhandarkar's *Early History of the Deccan*, Sec. IV.

VITAL STATISTICS

Census⁴⁷ was an important institution of the Mauryas. It was used by the municipal corporation of Patali-putra as well as by the imperial civil service. The *gopa* or village magistrate, the *sthānika* or district magistrate, as well as the *nāgaraka* or mayor of the city were alive to the importance of vital statistics. The numbering of persons, houses, and cattle as well as the measurement of lands, pastures and gardens furnished the *samāhartā* or collector-general with definite data for the valuation and assessment of the people's wealth.⁴⁸ The cadastral surveys organized by the Cholas⁴⁹ in 986 and 1086 were also calculated to ensure the same end. Both these instruments tended to bring about centralization and consolidation of the public revenues and were indeed, together with the war office, the judiciary and the executive service, the most effective means of establishing *pax sārva-bhau-mica*. The financial organization aimed at by the Hindu empires was thus akin to the "integration" of national outlays and revenues that have been the steady achievement of modern Europe since the fifteenth and sixteenth centuries. It is the system of the Roman Empire in classical times with its official tax collectors who replaced the *publicani* or revenue-"farmers" of the republic that should be kept before the mind's eye while appraising the public expenditure, national resources or heads of income, and financial administration of Hindu India from B. C. 332 to 1300.

KAUTILYAN FINANCES (c 300 B. C.)

We shall now proceed to analyze the revenues of the Maurya Empire

(B. C. 322–B. C. 185). One of the functions of the *gopa*, the officer at the lowest rung of the executive hierarchy, was to register the probable dues of the villagers in "working men"⁵⁰ along with taxes, tolls and fines. It is not clear whether we are to understand that the empire used to receive contributions in "services" like the Roman republic in its earlier stages,—for instance, such as is recommended by Vishnu,⁵¹ Manu,⁵² and Shukra.⁵³ In Megasthenes' account of India, we again read that one of the objects of the vital statistics kept by the census officials of the municipal corporation of Patali-putra was the levy of a tax.⁵⁴ If some particular tax is to be singled out because of this statement it was evidently a poll tax on the citizens per head.

The financial authorities themselves classified the revenues into seven principal groups according to the kind of resource tapped by them. "Fortified cities" constituted the first revenue jurisdiction. The *rashtra* or "country" districts constituted the second. Mines were treated as a distinct source of public income. Gardens and forests also formed two independent groups. Quadrupeds like cows, buffaloes, sheep, goats, asses, camels, horses and mules likewise contributed their quota. The seventh head was traffic both by land and water.

Each of these sources is described in detail in the *Artha-shastra*.⁵⁵ The several items of income from the "country," for instance, the second in the above grouping, comprised six

⁵⁰ *Indian Antiquary*, 1905, p. 5.

⁵¹ Chapter III, 32 (The Sacred Books of the East Series).

⁵² VII, 138.

⁵³ Chapter IV, Sec. ii, line 241 (Sarkar's translation in the Panini Office Series, Allahabad).

⁵⁴ McCrindle's *Ancient India*, pp. 87–88.

⁵⁵ *Indian Antiquary*, 1905, p. 47.

⁴⁷ Law, Vol. I, pp. 106–114.

⁴⁸ *Indian Antiquary*, 1905, p. 5.

⁴⁹ Aiyangar, 144, 149–150, 175–177.

heads. Crown lands yielded the first revenue, known as *sîtâ*. The second head was *bhâga* (share) or revenue in kind realized from private landlords. A special tax, *bali*, corresponding to the dues realized by Athens for the festivities was demanded for religious purposes. Sundry collections known as *kara* were made in money. *Târa* was the toll realized on boats, ferries and ships. The sixth item consisted of various dues, *varianî* (road-cess), *shulka* (toll), etc. and was levied as a rate on all traffic.

The fortified cities contributed to the imperial exchequer under twenty different heads. These were toll, fines, weights and measures, jails, currency, passports, excise, slaughter houses, oils, *ghee* (clarified butter), salt, goldsmiths, commerce, courtesans, gambling, housebuilding, artisans, gate dues and religious institutions. There were special taxes on a people called Baharikas. They appear to have been mercenary soldiers or some wealthy community living at Nalanda, the famous university town of later ages. Like Jews in Europe, this race was considered by the Hindu empire to be a good victim for fleecing.

Altogether, there were at least fifty different names under which revenues flowed into the treasury. For our present purpose we shall classify them into eight modern categories: (1) land revenue, including the income from forests and gardens, (2) customs duties, (3) excise on sales, (4) "direct" property taxes of various denominations, (5) fines as penalties for all sorts of offense, (6) economic "earnings" or profits from the commercial undertakings of the naval department, (7) income from the state monopolies in extractive (mine, salt, etc.) and other industries, (8) miscellaneous collections like port dues, etc.

As with the Roman Empire,⁵⁶ the chief source of Maurya income was the receipt from land. In the west the process of fiscal reorganization from Hadrian to Diocletian led up to the system of assessment for fifteen years, but in regard to the Mauryas no information is available as to the period for which the valuations were made.

In Athens land belonged to the state. In Maurya India certain passages of the *Artha-shastra* may lend color to the hypothesis as to the "public ownership" of the chief "agent of production." If Kautilya's statements may be taken as "positive law" on the subject, both land and water belonged to the government. The people could exercise their proprietary right in regard to all other species of property excepting these two.⁵⁷ On the other hand, this position would appear to be inconsistent with the fact noted above that two distinct items were enumerated as land revenue from the *rashtra* or country districts of the empire. The *sîtâ* was the income from the state lands. It was thus crown rent. The other realization was specifically known as *bhâga*, the "share" of the state in the "produce" of the people's lands. The private proprietors were known as *sva-viryopajîvinah*. Besides, the right of private property in real estate was clearly recognized in the law of sales. According to the legislation in the *Artha-shastra*,⁵⁸ village lands were to be sold in the presence of forty neighbors who owned lands in the vicinity. The state could demand only the legitimate excise on the sale. The same proprietary right is to be inferred from, though also limited by,

⁵⁶ Arnold's *Roman System of Provincial Administration*, pp. 203-204; Ramsay, pp. 275-281; *Encyclopedia Britannica* ("Finance").

⁵⁷ *Artha-shastra*, II, xxiv, cf. the Mohammedan theory of public domain, Agnides, pp. 500-521.

⁵⁸ *Indian Antiquary* 1905, p. 10; Law, 161-162.

the ruling that lands could be sold by cultivators only to cultivators, and that persons enjoying revenue-free lands could sell them only to persons who already had such lands. The distinction between crown lands and private lands is also to be noted in the law of escheat. By the general law on the subject the rights of ownership over houses, fields, gardens, tanks and temples were forfeited if proprietors took no cognizance for a continuous period of five years.⁵⁹

In the budget of the Maurya Empire as in that of the Roman we have therefore to look for two entries, theoretically considered, under land revenue. The first was rent paid by the *ryot* or tenant to the state-landlord, the second was a "direct tax" paid by the citizen to the government. The imperial demand from land was very high, higher even than what we have seen under the Cholas. For the land alone,⁶⁰ where irrigation was carried on by hand, the due was one-fifth of the yield. Where irrigation was carried on by conveying water on shoulders or through water raised from tanks, lakes and streams the due was one-fourth, and where irrigation was carried on by "pumping" water from rivers (*sroto-yantra*) the due was one-third. An additional *udaka-bhāga* or water rate was charged by the government at one-fourth or one-fifth of the produce. The total rates ranged, therefore, from two-fifths or 40 per cent to seven-twelfths or about 57 per cent of the gross outturn. Provisions for the remission of taxes are recorded, but it was not done on any *doctrinaire* principle. Abatements were graduated according to the difficulties and cost of improvement effected by cultivators.⁶¹

⁵⁹ *Indian Antiquary*, 1905, pp. 9, 105, 113.

⁶⁰ *Ibid.*, p. 110. Note the 50 per cent in Moslem theory, Aghnides, 529.

⁶¹ See details, *Ibid.*, p. 9.

Gardens were assessed at the same rates as cultivated lands. An additional one-sixth or 16 $\frac{2}{3}$ per cent had to be paid as excise on sales.⁶²

Important taxes of the Mauryas were twofold: customs and excise. Along with land revenue these must have constituted the mainstay of their finance. In Athens⁶³ under Pericles the policy of free trade appears to have been adopted, as the city depended for its food supply on external sources. Its normal customs duty was, therefore, as low as 2 per cent. The Roman *portoria*⁶⁴ (customs dues) were higher, the earliest maximum being 5 per cent. The extreme maximum under Constantine was 12 $\frac{1}{2}$ per cent. But the Maurya tariff was high enough to verge on, nay, actually establish, an economic "protection." Thus, in regard to imported salt the empire demanded, in the first place, one-sixth or 16 $\frac{2}{3}$ per cent of the entire commodity, and in the second place, a 5 per cent as trade or sales tax on the remaining five-sixths.⁶⁵ Similarly foreign liquors, wines and intoxicants had to bear heavy import duties which varied from one-fifteenth or 6 $\frac{2}{3}$ per cent to one-tenth or 10 per cent of their value.⁶⁶ In both cases, in addition to the tariff the government charged an extra duty in order to compensate the loss in the sale of local produce. Probably the total maximum may have approached the British customs rate which though down to 1700, not generally higher than 5 per cent, rose to 25 per cent by 1759.⁶⁷

The normal Maurya duty on foreign

⁶² *Ibid.*, p. 114.

⁶³, ⁶⁴ *Encyclopedia Britannica* ("Finance"). For a detailed account of Athenian finances see Schömann, pp. 432-464.

⁶⁵ *Indian Antiquary*, 1905, p. 53.

⁶⁶ See details, *Ibid.*, pp. 50, 55.

⁶⁷ Dowell's *History of Taxation and Taxes in England*, Vol. I, pp. 82-88, 145-146, 163-167, 211-223; Vol. II, p. 37.

goods was one-fifth of their value; that is, 20 per cent. One-sixth; that is, $16\frac{2}{3}$ per cent was realized from fresh fruits, vegetables, pepper, dried fish, flesh and other perishable goods. The rates on conches, diamonds, pearls, etc. were to be fixed at the custom house by experts. Silk garments, arsenic oxide, skins, carpets, etc. were charged *ad valorem* from 6 per cent to 10 per cent. The minimum rates on the tariff schedule were 4 per cent to 5 per cent. In order to be consistent, the empire dealt severely with all cases of smuggling. The highest fine of 3,000 *panas* or \$750 was the punishment prescribed for this offense by the penal code.⁶⁸ No figures are available as to the gross customs receipts, but it may be surmised that the 27 per cent of the total German imperial revenues accruing from customs duties alone would not have been envied by the Maurya finance minister.⁶⁹

It might seem as if the empire intended almost to place an embargo on foreign import, but there were certain tendencies in the fiscal policy of the Mauryas in regard to international trade that indicate a different character of the tariff. The protective duties were high, but they were not meant to be "prohibitive." On the other hand, there was a deliberate attempt on the part of the authorities to encourage foreign imports. They regulated the prices⁷⁰ in such a way that a reasonable

profit was assured to the dealer in imported goods. If necessary, special instructions were issued to the proper officials to accord concessions in certain particulars to foreign merchants. Under these conditions it is doubtful if the Maurya tariff should be considered as "protective" in any significant sense. In any case its character as a measure for revenue purposes is unquestionable.

The duty of one per cent on all sales was a regular tax of the Roman Empire. Such an impost, call it market due, toll or octroi, was, as we have noted, prevalent in Athens also. The rates in Maurya India were much higher. Commodities sold by cubical measure were charged six and one-fourth per cent, those by weighing five per cent and those by computation nine and one-eleventh per cent *ad valorem*.⁷¹ This tax, known by the generic name of excise or inland trade revenue, was assessed by the Mauryas in two ways. In certain lines, as with salt and precious metals, they retained the monopoly of manufacture and sale for the government, but the general method of assessment was the grant of a license to the vendor or manufacturer.

The excise branch of the revenues was thoroughly centralized. The licensing procedure was most efficiently observed. Nobody was permitted to sell the goods at the places of growth or manufacture; for example, fields, gardens, forests and mines.⁷² All commodities had to be brought to the customs house or toll office near the city gate. These were then marked with the state stamp called *abhijnāna-mudrā* (mark of identification) in *sindura* (vermillion or red lead). The tax was levied, however, only after sale. The law was very strict, as evasion of the tax was a

⁶⁸ *Indian Antiquary*, 1905, pp. 49-50. The fine for smuggling according to United States law is as high as \$5,000 or imprisonment for two years, or both; cf. Higginson's *Tariffs at Work*, p. 112.

⁶⁹ Plehn, 184.

⁷⁰ *Indian Antiquary*, 1905, p. 57. Note the seven distinct expenses of marketing: *shulka* (toll), *varianti* (road cess), *ativāhika* (conveyance cess), *gulma-deya* (duty payable at military stations), *tāra-deya* (ferry charge), *bhaktā* (porter's wage), and *bhāga* (share of the state) that were calculated by the customs officials in fixing the price of the imported commodities.

⁷¹ *Ibid.*, *loco citato*.

⁷² See details, *Ibid.*, pp. 50, 114.

capital offense. False statements to the officials made by merchants in regard to amount or price were, besides, punished as cases of theft; that is, by fine, mutilation or even death.⁷³

It is evident that customs and excise receipts of the Maurya Empire were much more voluminous than those of the Roman Empire. Analogues for this aspect of Hindu finance have to be sought in the modern states, like England, Russia and France, where half of the national revenues is made up of the returns of customs duties and excises, or in the United States where virtually the whole of "federal" revenues is derived from these two elements.⁷⁴

Recent authorities on the shifting of taxation are, for practical considerations, inclined to do away with the formal or verbal distinction that economists have long recognized between the taxes on consumption (like customs and excise) and the taxes on property or income.⁷⁵ Using the conventional nomenclature, we have to mention that in addition to customs and excise, the so-called "indirect" taxes, the Maurya Empire levied "direct" taxes also. It has already been pointed out that a great part of the land revenue was a direct tax on real estate insofar as land was the private property of citizens. The taxes on personalty or movable property have now to be enumerated.

In Kautilya's list we do not have the taxes on looms, oil mills, etc. that are mentioned in the Chola inscriptions; nor do the Tamil taxes on "sonship" or inheritance and succession appear in the Maurya statements, but, as we

have seen, weights and measures were taxed.⁷⁶ Gamblers had to pay a license.⁷⁷ Dramatists, players, singers and musicians were charged five *panas* (\$1.25).⁷⁸ A tax was levied from prostitutes as in Athens⁷⁹ and in Rome under Caligula.⁸⁰ As a rule, cattle were not taxed per capita. They figured in the *samāhartā's* (collector-general's) books only in connection with excise on sale. Under abnormal conditions, when an emergency finance was the problem, a special due was charged on domestic quadrupeds.⁸¹ The same circumstances brought painters, sculptors and artists generally within the tax collector's grip.⁸²

It seems, on the whole, however, that the Mauryas considered the taxes on property rather as a safety valve to fall back on in dire necessity than as a normal source of regular imperial revenues. When the necessity arose (through war conditions) the empire did not hesitate to levy what were virtually "super-taxes" on both immovable and movable properties of the wealthier classes. In the first place, the rates of land tax were enhanced,⁸³ but regions barren or difficult to cultivate were exempted from emergency taxation. Persons engaged in "essential industries," for example, in agriculture, forestry or elephant training were likewise granted a privilege. In the second place, contributions in "services" were levied from "lacklanders," especially from culprits and bad characters.⁸⁴

In the third place, persons rearing

⁷⁶ See details, *Indian Antiquary*, 1905, pp. 50-51.

⁷⁷, ⁷⁸ *Ibid.*, 58.

⁷⁹ Schömann, p. 449.

⁸⁰ Seligman's *Essays*, pp. 36, 37.

⁸¹ *Indian Antiquary*, 1905, p. 114.

⁸² *Ibid.*, p. 59.

⁸³, ⁸⁴ See details, *Ibid.*, p. 115; also *Indian Antiquary*, 1909, pp. 260-261; *Arthashastra*, V, ii.

⁷³ See details, *Ibid.*, pp. 48-49; *Artha-shastra*, II, xxxv, xxxvi.

⁷⁴ *The Statesman's Year Book*.

⁷⁵ Giffen's article on "Taxation" in the *Encyclopedia Britannica* (*The Different Kinds of Taxes*); Seligman's *Shifting and Incidence of Taxation* (1902), pp. 310-311.

pigs and cocks had to contribute 50 per cent of their stock. Those who had sheep and goat farms were taxed $16\frac{2}{3}$ per cent, and herdsmen who reared cows and buffaloes ten per cent.⁸⁵ In the fourth place, a special levy of 500 *panas* (\$125) was raised from merchants in diamonds, horses and elephants. Dealers in cotton goods had to pay 400 *panas*, dealers in grains and liquids 300, traders in glass and glassware 200, artisans and carpenters 100, and dealers in mudpots, inn-keepers and small retailers 50.⁸⁶ In the fifth place, dramatists (and theater managers) as well as prostitutes had to surrender half their annual earnings.⁸⁷ And lastly, as in Athens,⁸⁸ the government exacted extraordinary donations and gifts from temples and religious establishments.⁸⁹ The process might almost be described as a legalized looting of ecclesiastical property by the secular authorities.

Some of the war taxes were described by Kautilya euphemistically as *pranaya* or "love" gifts.⁹⁰ The empire used to pose as "beggar" and appeal to the "patriotism" of the citizens for "voluntary" subscriptions. In order that the "modernism" of Maurya finance may be appreciated still further it has to be pointed out that titles of honor were conferred by the government on the patriotic contributors. Subscribers to the "liberty fund" were honored, for instance, "with a rank in the court, an umbrella, or a turban or some ornaments in return for their gold."⁹¹ Furthermore,

the government took special steps to advertise and give publicity to the donations of the patriots in order to create a spirit of rivalry among the rich in the acts of self-sacrifice.

It was not with an alleged Machiavellian wickedness, but in quite the scientific way of "high finance," that Kautilya approached the problem of financing a war. The financial heads of the Maurya Empire knew how to cause the rich to "vomit" (*vamana*) their accumulated wealth or otherwise deplete and drain (*karshana*) them of their property.⁹² Exploitation of the "gold lords" by the state was a process of expropriation that the *Arthashastra* does not hesitate to pronounce as the objective of the "Ways and Means" Committee. Like the "liturgies" and *eisphora* of the Athenian city state⁹³ high imposts of various denominations were, therefore, borne by people of large incomes in Maurya India. The impact of war finance must have tended to make the demands of the state even in normal times "progressive" in spirit, if not mathematically so.

We shall now consider the "non-tax" revenues of the Maurya Empire. These were principally of two classes: one derived from the penal power of the state and the other from the economic activities of the government. The empire as a *danda*-wielding or "sanction"-exercising organization must have realized an enormous amount from fines, as these were the usual penalties inflicted by the courts of justice. The list of "crimes" was lengthy. The arms of law could reach almost any individual. Dealers in foreign goods had as many chances of transgressing the laws as the butchers in municipal areas. The number of

⁸⁵, ⁸⁶, ⁸⁷ See details *Ibid.*, p. 116. See Gupta's "Courtesanship in Buddhist India" in the *Hindustan Review*, Allahabad, August, 1919.

⁸⁸ Schömann, p. 454.

⁸⁹ *Indian Antiquary*, 1905, p. 117.

⁹⁰ *Ibid.*, pp. 115, 117; cf. "benevolences" in British fiscal history, Dowell, Vol. I, pp. 155-157, 202-203, 243.

⁹¹ *Ibid.*, 1909, p. 261; *Arthashastra*, V, ii.

⁹² *Arthashastra*, IV, iii.

⁹³ *Encyclopedia Britannica* (Finance).

offenses against sanitary laws⁹⁴ was as large as that against the prescribed hours and places of fording rivers.⁹⁵ Persons committing nuisance on roads and other specified spots were fined one *pana* (twenty-five cents). Travelers without passports (bearing government stamps) had to pay a fine of 12 *panas*.⁹⁶ Bearers of false or forged passes were fined 1,000 *panas*. No foreigners were admitted into the country without permit. Delinquents had to pay a fine of 3,000 *panas*, the highest fine⁹⁷ sanctioned in Maurya legislation. This was the fine also meted out to those who tried to smuggle foreign goods in evasion of customs duties.⁹⁸ Negligence in having the day's government stamp fixed on weights and measures was fined 27½ *panas*.⁹⁹ A fine of 600 *panas* was inflicted on the merchant who having imported foreign salt failed to compensate the government for the loss it might incur in not finding customers for its own salt.¹⁰⁰

The second head of non-tax revenue comprises the items of income that the empire derived from its economic enterprises. Shipping lines¹⁰¹ with fleets of boats for passengers and goods were maintained by the state. The traffic by sea was large enough to render the undertaking a lucrative proposition. The empire carried on another business

⁹⁴ See the list of fines in municipal areas in the *Indian Antiquary*, 1905, pp. 51-52; also in regard to the construction of buildings, pp. 58-59. *Vide* the fines realized from slaughter houses, p. 55.

⁹⁵ See the ferry regulations, *Ibid.*, p. 111.

⁹⁶ *Vide* the passport regulations in regard to travelers, *Ibid.*, p. 54, and in regard to traffic in goods, pp. 47-48.

⁹⁷ *Ibid.*, pp. 51, 52.

⁹⁸ *Ibid.*, pp. 48-50.

⁹⁹ *Ibid.*, p. 51.

¹⁰⁰ *Ibid.*, p. 54.

^{101, 102} Mookerji, pp. 103, 106. Note *en passant* the regulations to protect passengers on ships run by private companies, *Indian Antiquary*, 1905, p. 113.

under the supervision of the naval department. State boats were let out on hire by the *nāvadhyaksha* or port commissioner for purposes of pearl fishery and the fishing of conch shells.¹⁰² The ferry charges on rivers must also be considered in connection with the government's commercial ventures. These were regulated according to the size of rivers and the amount of freight carried.¹⁰³ Any load of commodities whether for sale or not was charged four *māshās* (about six cents). One *māshā* was paid by a traveler with a minor quadruped carrying some load. Two *māshās* were demanded for a load carried on the head or on the shoulders, a cow or a horse. The rate was double for transporting a camel or a buffalo. The ferry charge for a small cart was five *māshās*, for one of medium size drawn by bulls six *māshās*, and for a big cart seven *māshās*. The ferry dues for large rivers were twice the respective rates.

By far more important than these quasi-political commercial undertakings as sources of "sinews of war" were the industries owned and run or controlled by the government. Altogether three state monopolies are mentioned in the Kautilyan schedule. The first monopoly was oil. The oil seeds were all brought to the government granary and pressed and made into oil by the state mills.¹⁰⁴ The administration of tobacco monopoly in France since the time of Colbert (1674) furnishes a modern analogue. The next monopoly was salt as we have mentioned above. In order to "protect" this government industry the empire legislated that purchasers of foreign salts must pay compensation to

¹⁰³ *Ibid.*, p. 107; *Indian Antiquary*, 1905, pp. 53, 111-112; 16 *māshās* = 1 *pana*.

¹⁰⁴ *Indian Antiquary*, 1905, p. 55.

cover the loss sustained by the state.¹⁰⁶ Evidently foreign salt was not excluded altogether from the territory. There was, besides, the system of granting licenses by which private capitalists could manufacture and sell the commodity. In addition to the economic "profits" from the salt industry the government thus came to realize a large revenue from the customs, excise, and licenses. The realization of salt *gabelle* was threefold. First, the importing merchant had to pay the regular $16\frac{2}{3}\%$ in kind as customs *plus* the 5% on the remainder as excise. Secondly, the indigenous manufacturer purchased license from the government on the same terms. There was thus no economic discrimination against foreign salt. The effects of a countervailing excise duty were brought in operation indicating the "fiscal" character of the tariff. And thirdly, it appears that the government charged $13\frac{1}{8}\%$ as premium on the money that it received as price for the salt collected from the importer and the home manufacturer.¹⁰⁶

The most important monopoly of the Maurya Empire was the mines and minerals. Indeed the manufacture of salt was scheduled in the *Arthashastra* under the category of mining. As defined by Kautilya, mining was a comprehensive term including, as in medieval British law, "wreck of the sea and royal fish."¹⁰⁷ There were, therefore, two branches of mining under the Mauryas: (1) ocean mining, that is, pearl fishery, the fishing of conches, shells, and corals, and manufacture of salt, and (2) land mining.¹⁰⁸ The revenues from land mining were described as those accruing from gold mines, silver mines, mines of rubies

and metals such as iron, copper, etc.¹⁰⁹

In ancient and medieval legislation or custom mines were "public" everywhere.¹¹⁰ The silver mines at Laurium were owned by Athens. Mines were state property under the Roman Empire. Down to 1688 all English mines belonged to the crown. In 1568 the Exchequer Chamber stated the theory that the "King shall have the whole of the base metal."¹¹¹ Under the Mauryas also both land and ocean mines as well as the assaying of ores, coining, and commerce in minerals were *jura regalia* or crown rights *sui generis*; but they were not worked by the government except when the operations needed small outlay. Modern advocates of modified *laissez faire* may quote the Maurya precedent as an instance of the "individualistic minimum" of state intervention in industry. As a rule, the empire let out the mines on royalty basis to private enterprise. The royalty included nine distinct items.¹¹² As usual, the rates were high. The rental for the Laurium mines was only $4\frac{1}{8}\%$ per cent.¹¹³ The French mines yielded 10 per cent.¹¹⁴ The English rate on copper was $12\frac{1}{2}\%$ per cent to the state *plus* $11\frac{1}{2}\%$ per cent to the landlord,¹¹⁵ but the Mauryas demanded $16\frac{2}{3}\%$ to 20 per cent as *vibhāga*; that is, the government's "share" in the yield. In addition the capitalists had to pay $13\frac{1}{8}\%$ per cent *plus* 5 per cent as sundry charges.¹¹⁶

There may have been some other industries similarly undertaken or let out on license with a view to augment-

¹⁰⁹ *Indian Antiquary*, 1905, p. 47.

¹¹⁰ For "state mines" *vide* Bastable's *Public Finance*, pp. 174-176.

¹¹¹ Palgrave, *loco citato*.

¹¹² *Indian Antiquary*, 1905, p. 113.

¹¹³ Schömann, p. 448.

¹¹⁴ Brissaud, p. 487.

¹¹⁵ Palgrave, *loco citato*.

¹¹⁶ *Indian Antiquary*, 1905, p. 113. (Islamic law has 20 per cent, cf. Aghnides, p. 528.)

¹⁰⁶ *Indian Antiquary*, 1905, p. 54.

¹⁰⁶ *Ibid.*, p. 53.

¹⁰⁷ Palgrave's *Dictionary*, Vol. II, p. 765.

¹⁰⁸ Law, pp. 5-10.

ing the public income. The ship-building and munition industries were, of course, state monopolies, as has been mentioned above. Obviously they are to be regarded not so much from the standpoint of finance as of national defense.

Several miscellaneous taxes remain to be discussed as minor sources of revenue. The port duties¹¹⁷ realized by the *nāvadhyaaksha* were distinct from both customs and excise. Villages on sea shores and on the banks of rivers and lakes were assessed at certain rates. The fishing license demanded by the state was one-sixth or $16\frac{2}{3}$ per cent of the actual haul. Merchants had to pay the customary tax of port towns. Another group of minor collections came from currency. A premium of $13\frac{1}{2}$ per cent was regularly charged on coins of private or foreign mintage.¹¹⁸ The same amount was also realized by the government on every occasion that anybody had to pay a fine in cash.¹¹⁹ Lastly, we have to mention the escheats. Houses, fields, gardens, tanks and temples lapsed to the state, as we have seen, if the proprietors neglected to exercise their rights of ownership for five years.¹²⁰ Similarly the government was the heir of the property of prostitutes in the absence of daughters.¹²¹

No conceivable resource of the people appears to have been left untapped by the Maurya Empire. The all-reaching tentacles of Hindu finance lie on the surface. If, as Adam Smith remarks, there be nothing in which governments are so prone to learn of one another as in the matter of new taxes, the first and the last empires of pre-Moslem India can still give points

to the latest specialists in public finance, for the methods and principles of statesmen from Kautilya to Kulottunga were eminently realistic. With the exception of stamp duties, national debt, postal receipts and a few other characteristically modern duties, the assets schedule of the first class powers of today can hardly exhibit any taxes and non-tax revenues in addition to what the Hindu *sumantra* (finance minister) and his board of experts hit upon pragmatically in the third and fourth centuries *B. C.* in order to "cover" the appropriations on the governmental machinery of the largest and most extensive of all empires in the world's history.¹²²

THE ABILITY TO PAY

A study of the finances provokes naturally the correlated investigation into the general economic condition of the empire. But as yet it is hardly allowable to attempt a wide solution as to the "ability" of the people to meet the diverse demands of the government. In the first place, an enormous rise in prices may be postulated because of the high rates of customs and excise. This was sure to be felt by the entire community as consumers. In the second place, the normal land tax of 40 per cent to 57 per cent, though it may not have shorn the land-owning or agricultural classes to the skin, was certainly not a moderate

¹²² See the map of the Maurya Empire in the third century *B. C.* facing p. 162 of Smith's *Early History*. Compare the area with that of any of the European empires in Freeman's *Historical Geography of Europe* (with Atlas) or specifically with that of the Roman Empire at its greatest extent (third century *A. D.*) in the *Atlas of Ancient and Classical Geography* (Everyman's Library Series). Note, in comparison, that India is all Europe minus the Russia of the Czars, and that Maurya India, though it excluded the southern fringe of the peninsula, included the whole of Afghanistan and Baluchistan.

¹¹⁷ Mookerji, p. 106.

¹¹⁸ *Indian Antiquary*, 1905, p. 53.

¹¹⁹ *Ibid.*, p. 54.

¹²⁰ *Ibid.*, p. 9; cf. Manu, VIII, 30.

¹²¹ *Ibid.*, p. 57.

levy. In the third place, the traders and the intellectual middle classes could not get scot free from the imperial demand, as the property tax was mercilessly applied to them especially in emergencies. And in the fourth place, the moneyed aristocracy, bankers, gilds and other wealthy groups had to "vomit" out their gold at the call of the empire.

Economically speaking, there was no class discrimination. The empire maintained no privileged class on anything like an appreciable scale; nor would the government demands, though heavy, appear to have been oppressive or likely to sap the economic foundations of the society. On the contrary, there were certain distinct services by which the state sought to develop the "staying power" and taxable capacity of the people. We have spoken above of the socialistic trend of Hindu states as *dharma*-states, insofar as the sphere of their activity was co-extensive with the range of human interests. It is necessary now to note that the same tendency is noticeable in two other directions.

In the first place, the Maurya Empire owned several industries and controlled the production of wealth in certain lines. Government supervision of some sort or other brought the economic activities of the people within the compass of partial "public ownership." The consequent abolition of *entrepreneurs* or middlemen in a few channels of business was a positive advantage to the community. In the second place, the empire sought to regulate by legislation the more important branch of a nation's economic life; namely, distribution and exchange or value. The maximum rate of interest was determined by the government.¹²³ The market was pro-

tected from the ravages of "profiteers." Reasonable prices and fair profits were fixed by official experts after calculating the legitimate expenses of production (including the cost of marketing).¹²⁴ The government scheduled also the rates of wages and fees for laundry men, painters, dramatists, singers and artists.¹²⁵

Such an imperial intervention in economic life, or what is the same thing, such "state socialism" under "enlightened despots," must have been appreciated at least by the common laborer. The rate of wages in Maurya India was 5 *panas* a month or 15 dollars a year.¹²⁶ It is interesting to observe that in Chola India in the eleventh and twelfth centuries a temple janitor earned Rs. 8½ per month; that is, 30 dollars a year.¹²⁷ These rates were much above the Ricardian "iron law of wages" when compared with the current prices and the purchasing power of money during the two periods.¹²⁸

As for the salaries paid by the government, they were liberal enough to satisfy the officers' appetite. They were, humanly speaking, calculated to prevent the desire for "squeeze."¹²⁹ The common soldier of the Maurya Empire received 500 *panas* or \$125 per year. The highest salary in the third and fourth centuries *B. C.*, for example, that for the generalissimo was 48,000 *panas* (\$12,000) a year. The *samāhartā* (collector-general) was paid at half this rate. The earning of a

¹²⁴ See details in the *Indian Antiquary*, 1905, pp. 55, 56, 57.

¹²⁵ *Ibid.*, p. 59.

¹²⁶ *Ibid.*, p. 53.

¹²⁷ Aiyangar, p. 181.

¹²⁸ *Indian Antiquary*, 1905, p. 53; One Rupee in Maurya India bought 49½ *seers* (Madras) of rice. In British India one Rupee buys not more than 6-7 *seers*. Aiyangar, p. 183.

¹²⁹ *Vide* the list of salaries in the *Arthashastra*, V, iii, *Indian Antiquary*, 1909, pp. 263-264.

¹²³ The rate was 15% per year, cf. Law, pp. 171-177. The usual rate at Athens was 12% to 18%. *Vide* Schömann, p. 435.

middle class man in southern India, for instance, an accountant under the Cholas was Rs. 16½ per month, that is, \$60 a year.¹³⁰ Payments were either in kind or in money. The Cholas used to pay even handicraftsmen often in land for customary work. Under the Mauryas payment in gold might be commuted for that in kind at fixed rates.¹³¹

We are not concerned here with "index numbers" or with statistics of wages and prices or with the manner in which the tariff, if it was really protective, may have affected the course of industries and commerce. The stray figures for the third and fourth cen-

turies *B. C.* and the eleventh and twelfth centuries *A. D.* may be taken for what they are worth. Only it is necessary to bear in mind that in British India the average per capita income is Rs. 20 or \$6 per annum. On the whole, it may reasonably be concluded that the financial burden of *pax sārva-bhaumica*, howsoever heavy it might be, whether absolutely or relatively, was easily borne by a contented peasantry and working class, a prosperous industrial and commercial aristocracy, and last, but not least, a well-paid civil service and army, especially in view of the fact that under Chandragupta and Asoka (third century *B. C.*) the people of India had the conscious satisfaction of being citizens of the first and greatest power of the world.

¹³⁰ Aiyangar, p. 181.

¹³¹ *Indian Antiquary*, 1909, p. 264. For 5 panas one obtained 165 sers (Madras standard). *Indian Antiquary*, 1905, p. 53.

Have American Wages Permitted an American Standard of Living? *

A Review of the Important Inquiries and Their Findings, 1890–1920

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AT no time before, probably, has there ever been greater popular confusion and obscurity as to what constitutes an American standard of living and what is the relation of wages earned and the standard of living necessary, as at this period. Indeed, the controversy between capital and labor in regard to this question at this time is becoming very grave, and is fraught with the utmost danger. Industrial concerns and railroad companies are daily announcing reductions in wage rates, justifying these on the

ground that prices have come down so much during the past year that there is no excuse for the "high war-time" wages. On the other hand, the employees are, with rare exceptions, vehemently and vigorously opposed to the present methods of arbitrary wage cuts, contending that there has as yet been no substantial decrease in the cost of living which would justify cutting the rates of pay. They furthermore point out that as most of the reductions at this time are made in the rates of the unskilled workers it will reduce these workers again to the prewar level of wages which were found in many instances to have been below the American standard of living. They demand

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